

Memorandum

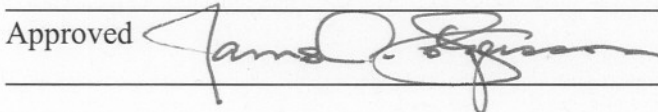
TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ralph G. Tonseth
Director of Aviation

SUBJECT: Fourth Amendment to Lease of
Office Space at 1732 North First
Street

DATE: August 18, 2004

Approved



Date

8.23.04

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Approval of a Fourth Amendment to the Office Lease with RNM First Street Center, LP for the Airport administrative offices located at 1732 N. First Street, to provide for overnight parking of up to thirty (30) additional City and City Contractor fleet vehicles for additional rent paid by the City in an annual amount not to exceed \$56,000, commencing on July 1, 2004, and subject to an annual increase in the amount of 2% through the expiration of the Office Lease on December 31, 2009.

BACKGROUND

On June 23, 1998, Council authorized the City Manager to negotiate and execute a lease with RNM First Street Center, LP ("RNM") for 57,328 square feet of office space on the fifth and sixth floors at 1732 North First Street. This space allowed for the consolidation of Airport administrative offices and was intended to accommodate the future growth in Airport staff planned at that time. Airport administrative staff has occupied this space since February 1, 1999. On October 31, 2000, Council authorized the City Manager to negotiate and execute a First Amendment to the Lease for an additional 10,211 square feet of space on the 4th floor of the building. On June 24, 2003, Council approved a Second Amendment to extend the term to December 31, 2009, to reduce the current rental rate and to add 18,213 square feet of office space (Suites 350 and 390). On the same date Council approved a sublease with Infineon Technologies for the City to occupy 9,654 square feet of additional space in the building. On February 10, 2004, Council approved a Third Amendment to provide for reimbursement by RNM to the City for the cost of painting and carpeting a portion of the newly leased premises.

The Lease with RNM specifically permits 13 overnight-parked vehicles at no additional cost to the City. The City has parked an average of 23 vehicles overnight, including 20 City vehicles and 3 City Contractor vehicles, for several years and it was only recently that RNM took issue

with the City parking more vehicles overnight than the maximum provided under the Lease. Effective July 1, 2004, RNM is requiring the City to pay additional monthly rent if the City parks overnight more than the 13 City and/or City Contractor vehicles provided for in the lease.

ANALYSIS

City staff negotiated with RNM to reduce the original proposed fee for the additional vehicles to be more reflective of the market. Approval of a Fourth Amendment will authorize the City to park up to 30 additional vehicles overnight for the additional rent of \$100 per month for each additional City vehicle and \$150 per month for each additional City Contractor vehicle up to a total of 33 vehicles. The City would be required to pay an additional \$200 per vehicle for more than 33 vehicles up to 43. In no case will the annual amount exceed \$56,000. The rate will be increased by 2% on July 1 each year through the expiration of the term of the Office Lease on December 31, 2009.

These vehicles are used on a daily basis to transport City staff to and from the Airport, as well as access to areas of the Airport where personal vehicles are not permitted.

Various alternatives have been researched including parking at the Airport or a close by location. City staff has determined that parking fleet vehicles at the Airport and having staff drive personal vehicles to the Airport to change to a City vehicle for work would put a large burden on parking at the Airport and increase staff time spent in transit. Staff believes the parking at Airport is better used for revenue generation. Staff has researched other possibilities close to 1732 North First. Space was found, but cost was about the same and the logistics for getting people to and from the site made the proposal undesirable.

PUBLIC OUTREACH

Not applicable.

COORDINATION

The Fourth Amendment has been coordinated with the City Attorney's Office.

COST IMPLICATIONS


The anticipated overnight parking costs are not to exceed \$56,000 per year, subject to an annual 2% increase. The City currently pays RNM \$239,493.25 per month for 85,752 square feet of office space.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2004-2005 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	NP/Equip-Airport	105110	\$34,286,851	\$56,000	Page XI-3	6/22/04 - 27196

CEQA

Resolutions No. 67380 and 71451, PP 04-07-222

for 
RALPH G. TONSETH
Director of Aviation

RGT:sr